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BY HAND

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
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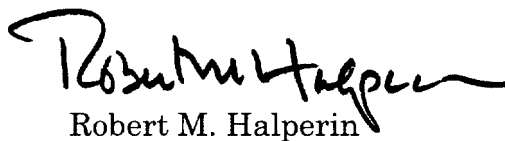
Re: In the Matter of Federal-State Joint Board on Universal Service,
CC Docket No. 96-45 and Rural Task Force Recommendation to the
Federal-State Joint Board, FCC OOJ-3

Dear Ms. Salas:

Transmitted herewith on behalf of the State of Alaska are an original and four (4) copies of the "Comments of the State of Alaska" for filing in the above-referenced docket.

In the event there are any questions concerning this matter, please communicate with the undersigned.

Very truly yours,


Robert M. Halperin

Enclosures

cc: Sheryl Todd (3 copies)
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Before the
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FEDERAL COMMUNICATIONS COMMISSION
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In the Matter of)

)
Federal-State Joint Board on
Universal Service)

CC Docket No. 96-45

)
Rural Task Force Recommendation
to the Federal-State Joint Board)
_____)

FCC-00J-3

COMMENTS OF THE STATE OF ALASKA

The Rural Task Force ("RTF") Recommendation to the Federal State Joint Board¹ raises many important issues which need to be resolved if the promises Congress and the President made to rural communities across the Nation in the Telecommunications Act of 1996 are to be fulfilled. The State of Alaska wishes to comment on two of those issues: (1) access to advanced telecommunications services and information services; and (2) access to affordable interexchange telecommunications services.²

¹ *Federal State Joint Board on Universal Service, Rural Task Force Recommendation to the Federal-State Joint Board on Universal Service*, CC Docket No. 96-45 (released September 29, 2000) ("*RTF Recommendation*").

² These comments are submitted on behalf of the State, as represented by the Office of the Governor. We understand that separate comments are being submitted by the Regulatory Commission of Alaska, an independent

(continued...)

Introduction

An analysis of these issues should begin with the statute. Section 254(b)(2) of the Communications Act, as amended by the 1996 Act, provides that “Access to advanced telecommunications and information services should be provided in all regions of the Nation.”³ Section 254(b)(3) states that “Consumers in all regions of the Nation, including . . . in rural, insular, and high cost areas, should have access to telecommunications and information services, including interexchange services and advanced telecommunications services, that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas.”⁴ Section 706 of the 1996 Act requires the Commission to encourage deployment of advanced telecommunications capability, which is defined as “high-speed, switched, broadband telecommunications capability that enables users to originate and receive high-quality voice, data, graphics, and video telecommunications.”⁵ The State believes that new steps are necessary to accomplish these statutory objectives.

(...continued)

regulatory agency with jurisdiction over intrastate communications services and other matters.

³ 47 U.S.C. § 254(b)(2).

⁴ *Id.* § 254(b)(3).

⁵ Pub. L. 104-104, Title VII, § 706, Feb. 8, 1996, 110 Stat. 153, reproduced in the notes under 47 U.S.C. § 157.

Advanced Communications Services and Information Services

The RTF has set forth certain proposals that it believes will stimulate investment in telecommunications infrastructure needed to provide advanced (or high-speed) telecommunications services.⁶ For example, it recommends adoption of a modified embedded cost methodology for the calculation of high-cost support for rural eligible telecommunications carriers (“ETCs”) and claims that this methodology inherently provides incentives for the infrastructure investments necessary for providing access to advanced services. It also recommends that federal universal service funding support plant that can, either as built or with additional elements, provide access to advanced services and that the federal universal service fund be sufficient so as not to present a barrier to investment in plant needed to provide access to advanced services.⁷

The RTF also recognizes the separate statutory requirement for universal service support to provide access to information services. These services can be accessed over voice grade circuits to Internet service providers (“ISPs”). The RTF recommends that federal universal service funds support access to information services in high-cost rural areas so that access in these areas is comparable to

⁶ The FCC has defined “advanced telecommunications capability” as “infrastructure capable of delivering a speed in excess of 200 kbps in each direction.” *Inquiry Concerning the Deployment of Advanced Telecommunications Capability to All Americans, Second Report*, CC Docket No. 98-146, FCC 00-290 (released August 21, 2000) (“*Second Advanced Services Report*”).

⁷ *RTF Recommendation* at 22-23.

urban areas. About two-thirds of urban customers, it says, are in areas served by plant capable of receiving this service at a rate of at least 28.8 kilobits per second.⁸

It is indisputable that Americans living in rural areas do not have the same access to advanced telecommunications services and information services as to Americans living in urban areas. Indeed, as the FCC found in the *Second Advanced Services Report*, areas with higher population density have far better access to advanced telecommunications services than areas with lower population density. Less than 20 percent of zip code areas with less than 6 persons per square mile have high-speed service available, while over 90 percent of all zip codes with more than 3,000 persons per square mile have access to those services.⁹

The situation in Alaska is particularly dramatic. Only 21 percent of zip codes in the entire state had access to high-speed telecommunications services available as of the end of 1999. Nation-wide, 59 percent of zip codes – almost three times the rate in Alaska – had access to these services.¹⁰ As of year-end 1999, Alaska was one of the few states in the Nation where no firm was providing high-speed digital subscriber line (“DSL”) service and the only state where there were no DSL

⁸ *Id.* at 23, *citing* Comments of the Rural Utilities Service, In The Matter of Requests to Redefine “Voice Grade Access” For Purposes of Federal Universal Service Support, January 19, 2000, CC Docket No. 96-45, www.usda.gov/rus/unisrv/01-19com.htm.

⁹ *Second Advanced Services Report* at ¶ 88 and Figure 8.

¹⁰ *Second Advanced Services Report*, Appendix B, Figure A.

providers and no cable modem service providers.¹¹ Although we understand progress is being made in the more urban areas of the state, advanced telecommunications services are not available in any portion of rural Alaska.

The State believes that steps must be taken to expand the availability of advanced communications services and access to information services in rural areas. Congress has stated that consumers in rural and high-cost areas should have access to advanced telecommunications services that is reasonably comparable to those services provided in urban areas. That plainly is not the case now and the Joint Board and Commission should act as quickly as possible to make that happen.

Under Section 254(c)(1) of the Communications Act, in determining whether additional telecommunications services should be supported by federal universal service programs, the Joint Board and FCC are to consider the extent to which the those services (a) are essential to education, public health or public safety; (b) have been subscribed to by a substantial majority of residential subscribers; (c) are being deployed in public telecommunications networks; and (d) are consistent with the public interest convenience and necessity.¹² These criteria are not a mandatory checklist; that is, a service can be added to the universal service basket even if all criteria are not satisfied.¹³

¹¹ *Id.*, Appendix B, Figures B and C.

¹² 47 U.S.C. § 254(c)(1).

¹³ “We also adopt the Joint Board’s analysis and finding that all four criteria enumerated in section 254(c)(1) must be considered, but not each necessarily met, before a service may be included within the general definition of
(continued...) ”

The State believes that access to information services over dial-up lines at speeds in excess of 28.8 kbps satisfies each of the statutory criteria today. Indeed, the State believes that most Americans today have access to information services at speeds of up to 56 kbps. The State supports the goal of the RTF in fostering development of the telecommunications infrastructure in rural areas so that all Americans can have access to these services as soon as possible.¹⁴

Advanced telecommunications services satisfy the statutory test for universal service support as well. The State believes that three of the four statutory criteria are satisfied today and, therefore, the Joint Board and FCC should conclude that these services should be added to the definition of universal service. Access to advanced services is becoming essential to education, public health and safety. Indeed, without such access rural America would unquestionably become less well educated and less safe as we progress into the 21st century. And, as the *Second Advanced Services Report* demonstrates, the facilities to provide these services are rapidly being deployed in the public telecommunications networks in urban areas.¹⁵

(...continued)

universal service, should it be in the public interest.” *Federal-State Joint Board On Universal Service, Report and Order*, 12 FCC Rcd 8776 at ¶ 61 (1997).

¹⁴ In Alaska, access to information services that is comparable to the rest of the country may not be possible without improvements to the satellite-based infrastructure through which interstate interexchange services are provided. To accomplish the statutory objective, therefore, the FCC may need to amend its rules and forebear from enforcing the statutory provision limiting certain forms of universal service support to ETCs.

¹⁵ See note 9, above.

Access to advanced services is also consistent with the public convenience and necessity. One of the fundamental aspects of the universal service provisions of the Telecommunications Act is that rural America should not be left behind as we enter the 21st century. As Senator Stevens, one of the principal drafters of the universal service provisions of the Telecommunications Act, stated:

Now, what we have assured here, as this program goes forward, is that universal service will be available to rural areas.

. . . .

[U]niversal service, eligible telecommunications carriers, and rate integration, opens the whole horizon of telecommunications to the people of this country, and it does so on a fair basis. . . . They mean that rural America will come into the 21st century with everyone else as far as telecommunications is concerned.¹⁶

If rural areas of the Nation are to develop economically in the 21st century, those areas must have access to modern telecommunications. Increasingly, commerce and jobs of all kinds require access to modern telecommunications. Telecommunications knock down the social and economic barriers that great

¹⁶ 142 Cong. Rec. S 692 (daily ed. Feb. 1, 1996) (statement of Sen. Stevens). These comments were echoed by others, including Senators Pressler and Stowe:

“For the small business located in a smaller town, it will mean that a small businessman there will be on an equal footing with the bigger businessman in an urban center in terms of research and the ability to partner.”

142 Cong. Rec. S 687 (daily ed. Feb. 1, 1996) (statement of Sen. Pressler).

“Everyone in our country must be able to engage in commerce using the tools and technologies necessary to interact with buyers and sellers”

Id. at S 708 (statement of Sen. Stowe).

distances otherwise erect between Americans living in rural areas and those in urban areas; this is particularly important in the non-contiguous areas of the Nation. The public interest, convenience and necessity therefore firmly support including access to advanced telecommunications services into the definition of services to be supported by the universal service program.

Even though all criteria do not need to be satisfied to pass the statutory test, the only remaining criterion – whether the service is subscribed to by a substantial majority of residential subscribers – is likely to be satisfied in the relatively near future. Indeed, according to the *Second Advanced Services Report*, by 2004 at least two-thirds of all households will be on-line and one-third to one-half of them will subscribe to high-speed access services.¹⁷ The State thus supports the RTF's goal of providing federal universal service support to fund improvements to rural telecommunications infrastructure to provide rural Americans access to advanced telecommunications services.¹⁸

Access to Interexchange Services

As set forth above, one of the statutory principles of universal service is that consumers in rural and high-cost areas should have access to interexchange services

¹⁷ *Second Advanced Services Report* at ¶ 186.

¹⁸ As set forth in note 14, above, advanced telecommunications services that are comparable to the rest of the country may not be possible in rural Alaska without improvements to the satellite-based infrastructure through which interstate interexchange services are provided. To accomplish the statutory objective, therefore, the FCC may need to amend its rules and forebear from
(continued...)

that is reasonably comparable in quality and price to the interexchange services in urban areas.¹⁹ And the FCC has included access to interexchange services as one of the services to be supported by federal universal service mechanisms.²⁰ Neither the statute nor the FCC's rules provide that access only to interstate interexchange services is an important universal service principle. Indeed, the most critical toll calls to meet critical educational, public safety, and public health needs are likely to be intrastate, and not interstate, in nature.

Access to interexchange services in rural areas cannot be reasonably equivalent to access in urban areas if the costs of access to be recovered through intrastate rates are out of proportion to the costs to be recovered through interstate rates. In Alaska, rates for intrastate interexchange service are far higher than rates for interstate interexchange service because the costs of intrastate interexchange service – including access costs – are relatively high and those costs are recovered over a relatively small number of access lines and intrastate interexchange calls. In large part, the high costs in rural Alaska are attributable to the need to use a satellite for the provision of interstate and intrastate interexchange services, a feature which makes Alaska unique. The RTF's recommendation does not address the issue of disproportionately high intrastate

(...continued)

enforcing the statutory provision limiting certain forms of universal service support to ETCs.

¹⁹ 47 U.S.C. § 254(b)(3).

²⁰ 47 C.F.R. § 54.101(a)(7).

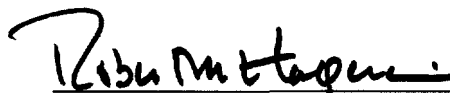
interexchange access costs and service rates. The State believes this problem must be addressed if the statutory principles of universal service are to be satisfied.

Conclusion

The State of Alaska commends the RTF for taking steps to increase the deployment of telecommunications facilities in rural areas of this Nation. As Chairman Kennard has stated, "Communities without access to advanced technologies will be placed at substantial risk in the next century, and we must ensure that all Americans, no matter where they live, reap the benefits of the Information Age."²¹

Respectfully submitted,

THE STATE OF ALASKA



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November 3, 2000

²¹ Remarks of Chairman Kennard, to the National Association of Regulatory Utility Commissioners, San Antonio, Texas, "Blazing A Trail: A Vision for the Twenty-First Century" (Nov. 10, 1999).

CERTIFICATE OF SERVICE

I hereby certify that on this 3rd day of November 2000, a copy of the foregoing Comments of The State of Alaska was served by hand and/or first-class mail on the following:

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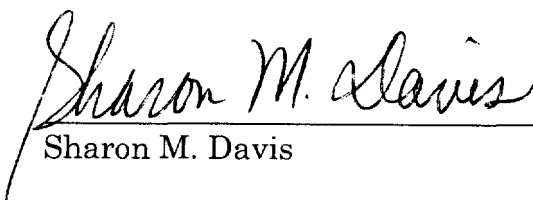
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